

Inflation and the Health Care System

We in the Public Health Service, along with a great many persons and organizations in the private sector, believe that substantial changes need to be made within the health care system. The sharp upturn in the cost of health services makes it all the more important that we explore every opportunity to bring about meaningful change in a system that clearly is not a model of efficiency and productivity. And we must begin by seeking answers to some fundamental questions.

What are the real opportunities for building incentives for cost containment into the system? Can we change third-party reimbursement to encourage economy without sacrificing quality or access?

Are there short-term approaches to increased productivity that ought to be pursued now? Should we, for instance, take steps to expand rapidly the use of physician extenders through some form of national licensing of health professionals?

What are the possibilities for substantially increasing competition in the health care market without jeopardizing the quality of care? Would a strong push for the development of prepaid group practice justify the necessary investment by helping to bring costs down? Would more stringent regulation of industry help or hinder the fight against inflation?

And if it would help, who should do the regulating?

We have to face the hard reality of a Federal budget designed to help control, rather than fuel, inflationary pressures on the economy. Some very painful decisions will have to be made about where and how deep to cut. Federal health dollars should be channeled where they produce the maximum benefit, not just to control inflation, but to help to build a pluralistic system that can assure universal access to quality health services at a cost that society can afford.

To achieve this dual objective in the health field will require a new level of planning and a new sense of leadership—one involving enlightened, cooperative effort from both the executive and legislative branches of Government and between the public and private sectors.

Charles C. Edwards, MD
Assistant Secretary for Health
Public Health Service

Cover—The nearly empty IV bottle symbolizes the shortages of raw materials and supplies of energy facing the United States. The implications for planners and providers of health services and some recommendations for action are outlined in the article beginning on page 3. Photo courtesy of the Clinical Center, National Institutes of Health.

